

**House File 168 - Introduced**

HOUSE FILE 168

BY SHIPLEY

**A BILL FOR**

1 An Act reducing the excise tax on motor fuel and certain  
2 special fuel, and including applicability provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 452A.3, subsection 1, paragraph b, Code  
2 2019, is amended to read as follows:

3 b. The rate for the excise tax shall be as follows:

4 (1) If the distribution percentage is not greater than  
5 fifty percent, the rate shall be ~~twenty-nine~~ twenty-six cents  
6 for ethanol blended gasoline and ~~thirty~~ twenty-seven cents for  
7 motor fuel other than ethanol blended gasoline.

8 (2) If the distribution percentage is greater than fifty  
9 percent but not greater than fifty-five percent, the rate shall  
10 be ~~twenty-nine~~ twenty-six cents for ethanol blended gasoline  
11 and ~~thirty~~ twenty-seven and one-tenth cents for motor fuel  
12 other than ethanol blended gasoline.

13 (3) If the distribution percentage is greater than  
14 fifty-five percent but not greater than sixty percent, the  
15 rate shall be ~~twenty-nine~~ twenty-six cents for ethanol blended  
16 gasoline and ~~thirty~~ twenty-seven and three-tenths cents for  
17 motor fuel other than ethanol blended gasoline.

18 (4) If the distribution percentage is greater than sixty  
19 percent but not greater than sixty-five percent, the rate shall  
20 be ~~twenty-nine~~ twenty-six cents for ethanol blended gasoline  
21 and ~~thirty~~ twenty-seven and five-tenths cents for motor fuel  
22 other than ethanol blended gasoline.

23 (5) If the distribution percentage is greater than  
24 sixty-five percent but not greater than seventy percent, the  
25 rate shall be ~~twenty-nine~~ twenty-six cents for ethanol blended  
26 gasoline and ~~thirty~~ twenty-seven and seven-tenths cents for  
27 motor fuel other than ethanol blended gasoline.

28 (6) If the distribution percentage is greater than seventy  
29 percent but not greater than seventy-five percent, the rate  
30 shall be ~~twenty-nine~~ twenty-six cents for ethanol blended  
31 gasoline and ~~thirty-one~~ twenty-eight cents for motor fuel other  
32 than ethanol blended gasoline.

33 (7) If the distribution percentage is greater than  
34 seventy-five percent but not greater than eighty percent,  
35 the rate shall be ~~twenty-nine~~ twenty-six and three-tenths

1 cents for ethanol blended gasoline and ~~thirty~~ twenty-seven and  
2 eight-tenths cents for motor fuel other than ethanol blended  
3 gasoline.

4 (8) If the distribution percentage is greater than  
5 eighty percent but not greater than eighty-five percent, the  
6 rate shall be ~~twenty-nine~~ twenty-six and five-tenths cents  
7 for ethanol blended gasoline and ~~thirty~~ twenty-seven and  
8 seven-tenths cents for motor fuel other than ethanol blended  
9 gasoline.

10 (9) If the distribution percentage is greater than  
11 eighty-five percent but not greater than ninety percent, the  
12 rate shall be ~~twenty-nine~~ twenty-six and seven-tenths cents  
13 for ethanol blended gasoline and ~~thirty~~ twenty-seven and  
14 four-tenths cents for motor fuel other than ethanol blended  
15 gasoline.

16 (10) If the distribution percentage is greater than ninety  
17 percent but not greater than ninety-five percent, the rate  
18 shall be ~~twenty-nine~~ twenty-six and nine-tenths cents for  
19 ethanol blended gasoline and ~~thirty~~ twenty-seven and one-tenth  
20 cents for motor fuel other than ethanol blended gasoline.

21 (11) If the distribution percentage is greater than  
22 ninety-five percent, the rate shall be ~~thirty~~ twenty-seven  
23 cents for ethanol blended gasoline and ~~thirty~~ twenty-seven  
24 cents for motor fuel other than ethanol blended gasoline.

25 Sec. 2. Section 452A.3, subsections 2 and 3, Code 2019, are  
26 amended to read as follows:

27 2. Except as otherwise provided in [this section](#) and in this  
28 subchapter, ~~after June 30, 2020,~~ an excise tax of ~~thirty cents~~  
29 is imposed on each gallon of motor fuel used for any purpose  
30 for the privilege of operating motor vehicles in this state.  
31 as follows:

32 a. For the period beginning July 1, 2020, and ending June  
33 30, 2021, the excise tax is twenty-four cents per gallon.

34 b. For the period beginning July 1, 2021, and ending June  
35 30, 2022, the excise tax is twenty-one cents per gallon.

1 c. For the period beginning July 1, 2022, and ending June  
2 30, 2023, the excise tax is eighteen cents per gallon.

3 d. For the period beginning July 1, 2023, and thereafter,  
4 the excise tax is fifteen cents per gallon.

5 3. An excise tax ~~of seventeen cents~~ is imposed on each  
6 gallon of E-85 gasoline, subject to the determination provided  
7 in subsection 4~~7~~, as follows:

8 a. For the period beginning July 1, 2019, and ending June  
9 30, 2020, the excise tax is fifteen cents per gallon.

10 b. For the period beginning July 1, 2020, and ending June  
11 30, 2021, the excise tax is thirteen cents per gallon.

12 c. For the period beginning July 1, 2021, and ending June  
13 30, 2022, the excise tax is eleven cents per gallon.

14 d. For the period beginning July 1, 2022, and ending June  
15 30, 2023, the excise tax is ten cents per gallon.

16 e. For the period beginning July 1, 2023, and thereafter,  
17 the excise tax is nine cents per gallon.

18 Sec. 3. Section 452A.3, subsection 6, paragraph a,  
19 subparagraphs (1) and (2), Code 2019, are amended to read as  
20 follows:

21 (1) Except as otherwise provided in [this section](#) and in this  
22 subchapter, ~~for the period ending June 30, 2015, and for the~~  
23 ~~period beginning July 1, 2020, and thereafter,~~ the tax rate  
24 on special fuel for diesel engines of motor vehicles used for  
25 any purpose for the privilege of operating motor vehicles in  
26 this state is ~~thirty-two and five-tenths cents per gallon.~~ as  
27 follows:

28 (a) For the period beginning July 1, 2020, and ending June  
29 30, 2021, the excise tax is twenty-six and five-tenths cents  
30 per gallon.

31 (b) For the period beginning July 1, 2021, and ending June  
32 30, 2022, the excise tax is twenty-three and five-tenths cents  
33 per gallon.

34 (c) For the period beginning July 1, 2022, and ending June  
35 30, 2023, the excise tax is twenty and five-tenths cents per

1 gallon.

2 (d) For the period beginning July 1, 2023, and thereafter,  
3 the excise tax is seventeen and five-tenths cents per gallon.

4 (2) Except as provided in [this section](#) and in this  
5 subchapter, for the period ~~beginning July 1, 2015,~~ and ending  
6 June 30, 2020, this subparagraph shall apply to the excise  
7 tax imposed on each gallon of special fuel for diesel engines  
8 of motor vehicles used for any purpose for the privilege  
9 of operating motor vehicles in this state. The rate of  
10 the excise tax shall be based on the number of gallons of  
11 biodiesel blended fuel classified as B-11 or higher that is  
12 distributed in this state as expressed as a percentage of the  
13 number of gallons of special fuel for diesel engines of motor  
14 vehicles distributed in this state, which is referred to as  
15 the distribution percentage. The department shall determine  
16 the percentage basis for each determination period beginning  
17 January 1 and ending December 31. The rate for the excise tax  
18 shall apply for the period beginning July 1 and ending June 30  
19 following the end of the determination period. The rate for  
20 the excise tax shall be as follows:

21 (a) If the distribution percentage is not greater than  
22 fifty percent, the rate shall be ~~twenty-nine~~ twenty-six and  
23 five-tenths cents for biodiesel blended fuel classified as B-11  
24 or higher and ~~thirty-two~~ twenty-nine and five-tenths cents for  
25 special fuel for diesel engines of motor vehicles other than  
26 biodiesel blended fuel classified as B-11 or higher.

27 (b) If the distribution percentage is greater than fifty  
28 percent but not greater than fifty-five percent, the rate shall  
29 be ~~twenty-nine~~ twenty-six and eight-tenths cents for biodiesel  
30 blended fuel classified as B-11 or higher and ~~thirty-two~~  
31 twenty-nine and five-tenths cents for special fuel for diesel  
32 engines of motor vehicles other than biodiesel blended fuel  
33 classified as B-11 or higher.

34 (c) If the distribution percentage is greater than  
35 fifty-five percent but not greater than sixty percent, the rate

1 shall be ~~thirty~~ twenty-seven and one-tenth cents for biodiesel  
2 blended fuel classified as B-11 or higher and ~~thirty-two~~  
3 twenty-nine and five-tenths cents for special fuel for diesel  
4 engines of motor vehicles other than biodiesel blended fuel  
5 classified as B-11 or higher.

6 (d) If the distribution percentage is greater than sixty  
7 percent but not greater than sixty-five percent, the rate shall  
8 be ~~thirty~~ twenty-seven and four-tenths cents for biodiesel  
9 blended fuel classified as B-11 or higher and ~~thirty-two~~  
10 twenty-nine and five-tenths cents for special fuel for diesel  
11 engines of motor vehicles other than biodiesel blended fuel  
12 classified as B-11 or higher.

13 (e) If the distribution percentage is greater than  
14 sixty-five percent but not greater than seventy percent, the  
15 rate shall be ~~thirty~~ twenty-seven and seven-tenths cents  
16 for biodiesel blended fuel classified as B-11 or higher and  
17 ~~thirty-two~~ twenty-nine and five-tenths cents for special fuel  
18 for diesel engines of motor vehicles other than biodiesel  
19 blended fuel classified as B-11 or higher.

20 (f) If the distribution percentage is greater than seventy  
21 percent but not greater than seventy-five percent, the rate  
22 shall be ~~thirty-one~~ twenty-eight cents for biodiesel blended  
23 fuel classified as B-11 or higher and ~~thirty-two~~ twenty-nine  
24 and five-tenths cents for special fuel for diesel engines of  
25 motor vehicles other than biodiesel blended fuel classified as  
26 B-11 or higher.

27 (g) If the distribution percentage is greater than  
28 seventy-five percent but not greater than eighty percent, the  
29 rate shall be ~~thirty-one~~ twenty-eight and three-tenths cents  
30 for biodiesel blended fuel classified as B-11 or higher and  
31 ~~thirty-two~~ twenty-nine and five-tenths cents for special fuel  
32 for diesel engines of motor vehicles other than biodiesel  
33 blended fuel classified as B-11 or higher.

34 (h) If the distribution percentage is greater than eighty  
35 percent but not greater than eighty-five percent, the rate

1 shall be ~~thirty-one~~ twenty-eight and six-tenths cents for  
2 biodiesel blended fuel classified as B-11 or higher and  
3 ~~thirty-two~~ twenty-nine and five-tenths cents for special fuel  
4 for diesel engines of motor vehicles other than biodiesel  
5 blended fuel classified as B-11 or higher.

6 (i) If the distribution percentage is greater than  
7 eighty-five percent but not greater than ninety percent, the  
8 rate shall be ~~thirty-one~~ twenty-eight and nine-tenths cents  
9 for biodiesel blended fuel classified as B-11 or higher and  
10 ~~thirty-two~~ twenty-nine and five-tenths cents for special fuel  
11 for diesel engines of motor vehicles other than biodiesel  
12 blended fuel classified as B-11 or higher.

13 (j) If the distribution percentage is greater than ninety  
14 percent but not greater than ninety-five percent, the rate  
15 shall be ~~thirty-two~~ twenty-nine and two-tenths cents for  
16 biodiesel blended fuel classified as B-11 or higher and  
17 ~~thirty-two~~ twenty-nine and five-tenths cents for special fuel  
18 for diesel engines of motor vehicles other than biodiesel  
19 blended fuel classified as B-11 or higher.

20 (k) If the distribution percentage is greater than  
21 ninety-five percent, the rate shall be ~~thirty-two~~ twenty-nine  
22 and five-tenths cents for biodiesel blended fuel classified as  
23 B-11 or higher and ~~thirty-two~~ twenty-nine and five-tenths cents  
24 for special fuel for diesel engines of motor vehicles other  
25 than biodiesel blended fuel classified as B-11 or higher.

26 Sec. 4. Section 452A.3, subsections 7, 8, and 9, Code 2019,  
27 are amended to read as follows:

28 7. For liquefied petroleum gas used as a special fuel, the  
29 rate of tax shall be ~~thirty cents per gallon.~~ is as follows:

30 a. For the period beginning July 1, 2019, and ending June  
31 30, 2020, the excise tax is twenty-seven cents per gallon.

32 b. For the period beginning July 1, 2020, and ending June  
33 30, 2021, the excise tax is twenty-four cents per gallon.

34 c. For the period beginning July 1, 2021, and ending June  
35 30, 2022, the excise tax is twenty-one cents per gallon.

1 d. For the period beginning July 1, 2022, and ending June  
2 30, 2023, the excise tax is eighteen cents per gallon.

3 e. For the period beginning July 1, 2023, and thereafter,  
4 the excise tax is fifteen cents per gallon.

5 8. For compressed natural gas used as a special fuel, the  
6 rate of tax is ~~thirty-one cents per gallon.~~ as follows:

7 a. For the period beginning July 1, 2019, and ending June  
8 30, 2020, the excise tax is twenty-eight cents per gallon.

9 b. For the period beginning July 1, 2020, and ending June  
10 30, 2021, the excise tax is twenty-five cents per gallon.

11 c. For the period beginning July 1, 2021, and ending June  
12 30, 2022, the excise tax is twenty-two cents per gallon.

13 d. For the period beginning July 1, 2022, and ending June  
14 30, 2023, the excise tax is nineteen cents per gallon.

15 e. For the period beginning July 1, 2023, and thereafter,  
16 the excise tax is sixteen cents per gallon.

17 9. For liquefied natural gas used as a special fuel, the  
18 rate of tax is ~~thirty-two and one-half cents per gallon.~~ as  
19 follows:

20 a. For the period beginning July 1, 2019, and ending June  
21 30, 2020, the excise tax is twenty-nine and five-tenths cents  
22 per gallon.

23 b. For the period beginning July 1, 2020, and ending June  
24 30, 2021, the excise tax is twenty-six and five-tenths cents  
25 per gallon.

26 c. For the period beginning July 1, 2021, and ending June  
27 30, 2022, the excise tax is twenty-three and five-tenths cents  
28 per gallon.

29 d. For the period beginning July 1, 2022, and ending June  
30 30, 2023, the excise tax is twenty and five-tenths cents per  
31 gallon.

32 e. For the period beginning July 1, 2023, and thereafter,  
33 the excise tax is seventeen and five-tenths cents per gallon.

34 Sec. 5. APPLICABILITY. This Act applies to fuel sold to  
35 consumers on and after July 1, 2019.

1

EXPLANATION

2

The inclusion of this explanation does not constitute agreement with  
the explanation's substance by the members of the general assembly.

3

4 This bill decreases the excise tax on motor fuel, ethanol  
5 blended gasoline, special fuel for diesel engines of motor  
6 vehicles, biodiesel blended fuel classified as B-11 or higher,  
7 liquefied petroleum gas, compressed natural gas, and liquefied  
8 natural gas 3 cents per year over the next five years. The bill  
9 decreases the excise tax on E-85 gasoline 2 cents per year over  
10 the next three years, and 1 cent per year over the following  
11 two years.

12 For the period beginning July 1, 2023, and thereafter,  
13 the excise tax for motor fuel, including ethanol blended  
14 gasoline, is 15 cents; the excise tax for E-85 gasoline is 9  
15 cents; the excise tax for special fuel for diesel engines of  
16 motor vehicles, including biodiesel blended fuel classified as  
17 B-11 or higher, is 17.5 cents; the excise tax for liquefied  
18 petroleum gas is 15 cents; the excise tax for compressed  
19 natural gas is 16 cents; and the excise tax for liquefied  
20 natural gas is 17.5 cents.

21 The bill applies to fuel sold to consumers on and after July  
22 1, 2019.